

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 FEA-01 ACDA-07 CIAE-00 INR-07 IO-13
L-03 NSAE-00 NSC-05 EB-08 NRC-05 OES-06 DODE-00
ERDA-05 PM-04 SP-02 SS-15 SSO-00 NSCE-00 INRE-00
AID-05 JUSE-00 /097 W
-----300532Z 075953 /11/45

O 291149Z APR 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC NIACT IMMEDIATE 3053

C O N F I D E N T I A L SECTION 1 OF 2 NEW DELHI 6180

C O R R E C T E D C O P Y FOR TEXT /PAR 5/

FOLLOWING SENT ACTION NEW DELHI FROM BOMBAY APRIL 27, 1977
REPEATED FOR YOUR ACTION

QUOTE
CONFIDENTIAL SECTION 1 OF 2 BOMBAY 0981

E.O. 1152 GDS
TAGS: TECH, IN
SUBJ: TARAPUR

REF: STATE 86279

1. SUMMARY: REVIEW OF RECORD INDICATES THAT ALTHOUGH FUEL
SUPPLY PROJECTION SET FORTH IN REFTEL HAS NEVER BEEN EXPLICITLY
DISCUSSED WITH IAEC, ITS ESSENTIALS AND IMPLICATIONS HAVE
BEEN CONSIDERED AND REJECTED BY INDIANS MANY TIMES DURING
THE PAST YEAR. IAEC IS CONVINCED THAT BECAUSE OF ITS SINGLE-
LINE FUEL ASSEMBLY PRODUCTION PROCESS, ITS DISTANCE FROM
FUEL SUPPLY AND ITS VARYING REQUIREMENTS IN SIZE OF
RECHARGES AND ITS NEED TO KEEP ITS TECHNICIANS CONTINUALLY
EMPLOYED, IT MUST FOLLOW THE TYPE OF PRODUCTION SCHEDULE
OUTLINED IN FIGURE #1 OF LAST/KIEFER REPORT. IAEC HAS
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VIGOROUSLY RESISTED MANY SUGGESTIONS OVER PAST YEAR FOR
CHANGES IN ITS INVENTORY AND PRODUCTION SYSTEMS THAT WOULD
WARRANT FURTHER DELAY IN ARRIVAL OF SXNM-845. END SUMMARY.

2. OVER PAST WEEK THERE HAS BEEN A SHARP INTENSIFICATION
OF INTEREST IN STATUS OF SHIPMENT OF ENRICHED URANIUM FOR
TARAPUR, UNDOUBTEDLY STIMULATED AT LEAST IN PUBLIC CIRCLES

BY PRESIDENT CARTER'S MESSAGES ON NUCLEAR POLICY AND IN THE U.S. DOMESTIC ENERGY PROGRAM. IAEC CHAIRMAN, HOMI SETHNA, ATOMIC POWER AUTHORITY CHAIRMAN, J.C. SHAH, AND SEVERAL ECONOMIC JOURNALISTS HAVE RAISED QUESTION OF STATUS OF XSNM-845 WITH CONGEN.

3. SETHNA SOUGHT CONGEN OUT ON APRIL 23 TO SAY THAT HE IS STILL COMMUTING TWO OR THREE TIMES A WEEK TO NEW DELHI FOR TALKS WITH THE NEW GOVERNMENT AND AN ITEM THAT ALWAYS COMES UP IS THE MATTER OF THE U.S. SUPPLY OF ENRICHED URANIUM FOR TARAPUR. SETHNA SAID THAT THE INTEREST IN THIS MATTER AT THE TOP LEVEL OF THE GOI IS INTENSE, PARTICULARLY BECAUSE THE NEW GOVERNMENT HAS HAD TO COME TO GRIPS IMMEDIATELY WITH THE PROBLEM OF SLOW DEVELOPMENT OF ELECTRICAL GENERATING CAPACITY OVER THE PAST 4 OR 5 YEARS. THE GOVERNMENT HAS ALREADY ANNOUNCED ITS INTENTION TO ACCELERATE SUBSTANTIALLY THE ERECTION OF NEW GENERATING CAPACITY AND THEY HAVE QUESTIONED SETHNA CLOSELY AS TO WHETHER THERE WILL BE FURTHER CUTBACKS OVER NEXT COUPLE OF YEARS AT TARAPUR. THE 18 PERCENT REDUCTION IN THE AVAILABILITY OF POWER FROM UNIT I BECAUSE OF THE SMALLER RECHARGE IN FEBRUARY HAS BROUGHT THIS PROBLEM SHARPLY TO THEIR ATTENTION. IN REPLY TO SETHNA'S QUERY ABOUT WHEN NRC ACTION COULD BE EXPECTED, CONGEN REPLIED THAT ACTION PROBABLY SHOULD NOT BE EXPECTED UNTIL THE PRESIDENT ANNOUNCES THE DETAILS OF HIS NUCLEAR EXPORT POLICY. CONGEN CAUTIONED, HOWEVER, THAT THERE STILL SEEMS TO BE SOME DOUBT IN WASHINGTON ABOUT THE URGENCY OF THE NEED FOR A NEW SUPPLY, EVEN THOUGH EAEC HAD CUT BACK

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THE RECHARGE AT UNIT I TO SOME EXTENT AT LEAST BECAUSE OF UNCERTAINTY ABOUT THE FUEL SUPPLY.

4. SETHNA SAID THAT HIS STAFF IS CONVINCED THAT BEFORE THE IAEC CAN MOVE BACK TO THE COJMAL RECHARGE OF 85 BUNDLES, THEY MUST HAVE FIRM ASSURANCE THAT ADDITIONAL ENRICHED URANIUM WILL BE SUPPLIED ON A REGULAR SCHEDULE. HE RECOGNIZED THAT THE WASTE PROBLEM COMPLICATES A DEFINITIVE ANALYSIS OF THE PROJECTED GENERATING SCHEDULES FOR TARAPUR BUT HE INSISTED THAT IT IS CLEAR THAT IF THERE ARE CONTINUED DELAYS IN SOLVING EITHER THE WASTE OR THE FUEL SUPPLY PROBLEMS THERE WILL BE FURTHER POWER CUTS. HE WILL HAVE TO INSIST THAT THIS REFLECTS THE UNSATISFACTORY STATE OF NUCLEAR COOPERATION UNDER THE INDO-U.S. BILATERAL. HE SAID THE DID NOT WANT TO REPEAT THE INDIAN PRESS ALLEGATIONS THAT THE U.S. IS NOT LIVING UP TO ITS CONTRACTUAL OBLIGATIONS BUT SAID THAT IF THERE IS NO RELIABLE FUEL SUPPLY AND NO EFFECTIVE COOPERATION IN RESOLVING THE WASTE PROGRAM, IT OBVIOUSLY IS GOING TO BE NECESSARY TO MAKE FURTHER POWER CUTS.

5. J.C. SHAH HAS BEEN MORE DIRECT AND EVEN GUARRELSOME OVER THE DIFFICULTIES IN THE FUEL SUPPLY AND THE WASTE MANAGEMENT PROGRAM. HE WAS PARTICULARLY IRRITATED BY THE QUESTIONS IN STATE 59887 TO WHICH HE REPLIED IN BOMBAY 689 BECAUSE THESE QUERIES IMPLICITLY QUESTIONS THE BASIC CONCLUSIONS OF THE LAST/KEIFER REPORT. THEY SUGGESTED THAT THERE COULD BE A FURTHER DELAY OF 4 TO 6 MONTHS IN ARRIVAL OF XSNM-845. SHAH RECALLED THAT THE IAEC HAD BEEN MOST UNHAPPY WITH THE LAST/KIEFER RECOMMENDATIONS FOR A SCRAP-ONLY OPERATION FROM FEBRUARY 1977 THROUGH END OF MAY OF 1977. THE IAEC AGREED THAT THIS APPROACH WOULD HELP TO BALANCE THE INVENTORIES OF THE VARIOUS ENRICHMENT GRADES AND REDRESS TO SOME EXTENT THE BALANCE IN THE SCRAP INVENTORY, BUT THE ACHIEVEMENT OF THESE OBJECTIVES COLD HAVE BEEN SPREAD OUT OVER A

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MUCH LONGER PERIOD WHICH WOULD ALLOW MORE EFFICIENT USE OF THE NFC FACILITY AND STAFF. THE IAEC HAD GONE ALONG WITH THIS APPROACH ONLY BECAUSE LAST AND KIEFER HAD DRAWN BACK FROM THEIR ATTEMPTS TO GET THE IAEC TO CONSIDER ALTERNATIVES THAT WOULD HAVE LED TO MORE DRASTIC CHANGES IN PRODUCTION PLANS AND INVENTORY MANAGEMENT CONCEPTS THAT ARE CENTRAL TO THE IAEC'S OPERATING PLANS.

6. SHAH RECALLED THAT ON LAST AND KIEFER'S FINAL DAY IN BOMBAY HE HAD ASKED THEM TO SIGN A DETAILED ENDORSEMENT OF THE IAEC OPERATING PLAN OUTLINED IN FIGURE ONE OF THEIR REPORT. LAST AND KIEFER, AFTER CONSULTING CONGE, HAD REFUSED ON THE PROCEDURAL POINT THAT THEY WERE ONLY CONSULTANTS TO THE U.S. GOVERNMENT AND HAD TO FURNISH THEIR REPORT DIRECTLY TO THEIR EMPLOYER.

7. SHAH FOUND THAT THEIR FINAL REPORT FELL WELL SHORT OF THE ORAL APPROVAL OF THE IAEC BASIC OPERATING PLAN. HE HAD EXPECTED A FORTHRIGHT INDORSEMENT OF THE BASIC OPERATING PRINCIPLE THAT TAPS NEEDED 170 BUNDLES ON HAND EVERY TIME A CORE IS OPEN. HE RECALLED BILL KIEFER'S AGREEMENT THAT NO FACILITY 9000 MILES AWAY FROM ITS SOURCE OF SUPPLY AND DEPENDENT UPON A CUMBERSOME ASSEMBLY OPERATION THAT REQUEST A MINIMUM OF 9 MONTHS AFTER ARRIVAL OF A BALANCED FUEL SUPPLY

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TO PRODUCE USABLE ASSEMBLIES COLD DO WITH ANYTHING LESS THAN AN EXTRA RECHARGE ON HAND AT ALL TIMES. SHAHA ALSO NOTED THAT TAPS HAS HAD TO RECHARGE UP TO 118 BUNDLES AND STILL NEEDED MORE INVENTORY IF IT IS TO MOVE TO A 7 X 7 CONFIGURATION. HE RESENTED THAT REMARKS IN THE LAST/KIEFER REPORT THAT THERE WERE NO FIRM PLANS FOR A MOVE TO A 7 X 7 ASSEMBLY. HE FOUND IT OBVIOUS THAT IN VIEW OF THE SUPPLY DELAY IT WOLD BE IMPOSSIBLE TO MOVE AHEAD TO THIS HIGHLY DESIRABLE PROGRAM DURING THE PAST YEAR. IN ORAL COMMENTS THAT ACCOMPANIED THE HANDING OVER OF HIS LETTER TRANSMITTED IN BOMBAY 689, SHAH SAID THAT HE DID NOT THINK THAT THE INDIAN GOVERNMENT WOULD EVER AGREE THAT THE SUPPLY SCHEDULE IMPLICIT IN THE QUESTIONS TO WHICH HE WAS REPLYING WOULD MEET THE MINIMUM STANDARDS OF OUR BILATERAL AGREEMENT.

8. SHAH EMPHASIZED THAT SUCH AN APPROACH WOLD REQUIRE THE IAED TO EFFECTIVELY SHUT DOWN THE ENRICHED URANIUM LINE AT THE NFC FOR ABOUT A YEAR. THE HUE AND CRY FROM THE TECHNICIANS WORKING THERE WOULD BE INTENSELY CRITICAL OF MANAGEMENT AND WOULD INEVITABLY DAMPEN PROSPECTS FOR REBUILDING A GOOD BASE FOR COOPERATION IN THE NUCLEAR FIELD WITH THE UNITED STATES.

9. IN ESSENCE, ALTHOUGH THE INVENTORY AND PRODUCTION SCHEDULES SET FORTH IN REFTEL HAVE NOT BEEN EXPLICITLY DISCUSSED WITH THE IAEC, THE ESSENTIALS OF SUCH AN APTROACH HAVE BEEN ARGUED WITH THEM ON MANY OCCASIONS SINCE XSNM-805 AND 845 WERE FIRST HELD UP OVER A YEAR AGO. THIS PROBLEM CAME CLOSEST TO THE CONFRONTATION STAGE WHEN LAST AND KIEFER DID THEIR REPORT, WHICH TOUCHES UPON THE RESISTANCE THEY ENCOUNTERED IN TRYING TO GET THE IAEC TO MOVE TO OPERATING PROCEDURES THAT CALLED FOR SMALLER INVENTORIES. IT WOULD BE ALTOGETHER WRONG TO THINK THAT LAST AND KIEFER CASUALLY ACCEPTED INDIAN ASSUMPTIONS ABOUT PRODUCTION AND INVENTORY REQUIRE-

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MENTS. THEY PUSHED HARD FOR SETTING FORTH ALTERNATIVE SCHEDULES BUT IT SOON BECAME CLEAR THAT SUCH AN APPROACH WOULD SIMPLY LEAD TO A POLEMICAL EXCHANGE AND THAT THE INDIANS WERE NOT PREPARED TO GO TO SUBSTANTIALLY SMALLER INVENTORIES WHICH THEY BELIEVE WOULD BE IMPRUDENT AND INEFFICIENT.

10. THIS APPROACH STEMS FROM A BASIC TENET OF INDIAN INDUSTRIAL POLICY WHICH CALLS FOR AS MUCH PRODUCTION LOCALLY AS CAN BE ECONOMICALLY JUSTIFIED. SETHNA HAS MANY TIMES MADE THE POINT THAT IT IS MUCH CHEAPER FOR HIM TO OPERATE A SINGLE-LINE PRODUCTION FACILITY AT NFC AND CARRY THE RELATIVELY LARGE INVENTORIES INHERENT IN SUCH A PROCESS THAN TO PURCHASE THE FUEL ASSEMBLIES FROM EITHER THE UNITED STATES OR EUROPE. HE HAS THE FIGURES TO BACK UP THIS CONTENTION. THE PROTRACTED DELAYS HAVE CONVINCED THE INDIANS THAT OUR GROUNDS ARE NOT TECHNICAL BUT STEM FROM A DESIRE TO PUT THEM ON A SHORTER TETHER WHERE WE MIGHT BETTER BE ABLE TO EXERCISE PRESSURE ON THEM. THEIR RESPONSE HAS BEEN TO DEMONSTRATE THAT THEY ARE QUITE READY TO CUT BACK ON ELECTRICITY PRODUCTION IF THIS IS NECESSARY IN ORDER TO ADHERE TO WHAT THEY CONSIDER THE BASIC TENETS ON THEIR NUCLEAR POLICY.

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Message Attributes

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